



Course of Construction Insurance (Builder's Risk)

- What is it:
 - Before a building is completed it is not insured under your property coverage. Course of Construction Insurance, also known as Builder's Risk, provides insurance while the building is being built.
 - It offers coverage on a building that is being
 - newly constructed
 - altered
 - repaired.
- What does it cover:
 - Course of Construction Insurance covers the contractor and the subs.
 - It covers damage to the construction project and the construction materials.
- What doesn't it cover:
 - Making good faulty or defective workmanship, material, construction or design
 - Infidelity of the insured's employees
 - Contractor's equipment of every description
- How do you get it:
 - First, the contract for the construction must specify that you, the named insured, shall provide that insurance to protect the interest of the contractors or subcontractors.
 - Then you have to notify Risk Management that you will be starting a construction project and need that insurance.
 - Risk Management has created a simple form to report construction and activate the Course of Construction Insurance.
- When do you pay:
 - Not until the next premium cycle.
- How much does it cost:
 - About a third of what the contractor would pay a commercial insurance company.
 - So you can pay less for your construction projects.
- What does the builder have to do:
 - (1) Notify the police if a law may have been broken.
 - (2) Give the Utah Division of Risk Management ("Risk Management") notice of the physical loss or damage as soon as possible, but in no event not more than 72 hours after the loss or damage occurs. Include a description of the property involved and a description of how, when and where the loss or damage occurred.
 - (3) Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property, for



consideration in the settlement of the claim. This will not increase the Limit of Insurance. Also, if feasible, set the damaged property aside and in the best possible order for examination and/or make no repairs until Risk Management has a reasonable opportunity to inspect the damaged property.

- (4) As often as may be reasonably required, permit Risk Management to inspect the property proving the loss or damage and examine your books and records. Also permit Risk Management to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (5) Send Risk Management a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request.
 - (6) Cooperate with the Risk Management in the investigation or settlement of the claim.
- What problems have we been seeing:
 - The contract doesn't say that the insured will provide the insurance.
 - The contract says the contractor will provide.
 - The contract and the RFP are inconsistent.
 - The claim is reported late.